

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0383P**

**Use Tax**

**Calendar Years 1994, 1995, 1996**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer protests the penalty assessed on an audit completed on April 15, 1998.

Taxpayer failed to self-assess and remit use tax. Taxpayer is a Delaware Corporation that manufactures a cording used by the steel industry as an ingredient of steel. Taxpayer stores this material in injectors at various customer locations in Indiana. The product is sold as it is dispensed from the injectors.

1. **Tax Administration** – Penalty

**DISCUSSION**

Taxpayer requests a waiver of penalty because they have been a good-standing taxpayer since they established doing business in Indiana and the actions which gave rise to the additional tax due was an honest oversight on their part.

Taxpayer's audit report revealed that no use tax accrual system was in place. The taxpayer is not registered to collect sales tax. The taxpayer failed to self assess as required by statute.

The taxpayer purchased injectors in which to store and dispense products sold to their customers in Indiana. No sales tax was paid and no use tax was self assessed. 45 IAC 2.2-3-20 clearly states that

04980383P.LOF

PAGE #2

all purchases of tangible personal property which are stored, used, or consumed in the state of Indiana are subject to the tax.

The taxpayer was negligent in failing to self assess use tax due.

**FINDING**

Taxpayer's protest is denied.